

ALTERNATIVE FUEL TRANSPORTATION GRANT PROGRAM GUIDELINES

(Revised, July 2002)

The Energy and Recycling Office (ERO) of the Indiana Department of Commerce is pleased to offer the Alternative Fuel Transportation Grant Program. This program is designed to enable businesses and institutions to acquire alternative fuel vehicles and to make use of alternative transportation fuels. Alternative fuel vehicles help to improve air quality and reduce dependence on foreign oil imports.

This program replaces the transportation components of the ERO's previous Alternative Energy Systems Grant Program. Please read these guidelines carefully before submitting an Alternative Fuel Transportation Grant Program application. These guidelines describe preferred projects, grant funding formulas, the grant approval process and specific information needed in an application.

ELIGIBILITY

Businesses, non-profit institutions and units of local government (including public school systems) are eligible to apply for grants. Projects eligible for grants include those that involve the purchase of alternative fuel vehicles, the conversion of conventionally fueled vehicles to run on alternative fuels, the installation of alternative fuel vehicle refueling facilities, the purchase and use of renewable transportation fuels, or combinations of these purposes. Alternative fuel vehicles include vehicles capable of running on electricity, ethanol, propane, hydrogen and natural gas. They do not include hybrid electric vehicles. For the purposes of this program, alternative fuel vehicles and alternative fuels are defined according to applicable U.S. Department of Energy definitions under the Energy Policy Act of 1992. (Further information is available at www.afdc.doe.gov/altfuels.html.)

Eligible projects will apply commercially available technologies. Grants under this program will not be awarded to fund research projects. Entities that are required to purchase alternative fuel vehicles under the Energy Policy Act of 1992 are not eligible for grants under this program.

GRANT AMOUNTS

Grant amounts are available up to a maximum of \$30,000, but no less than \$2,000. Grant amounts are determined according to the following formulas:

1. For the purchase of factory-built alternative fuel vehicles for which the manufacturer produces a conventionally fueled equivalent, 80% of the additional cost of the alternatively fueled version is eligible for funding.
2. For the purchase of factory-built alternative fuel vehicles for which the manufacturer does not produce a conventionally fueled equivalent, 30% of the overall cost of the vehicle is eligible for funding.
3. For the conversion of vehicles to use alternative fuel, 80% of the cost of conversion.
4. For the purchase and installation of refueling facilities for alternative fuel to be used in vehicles, 50% of the cost is eligible for funding.

5. For the purchase and use of 85% ethanol (E-85) and for biodiesel in blends of 20% or higher, 50% of the additional purchase cost above that of conventional fuel is eligible for funding.

Project budgets may include funding from third party sources, but the applicant itself must directly contribute at least 20% of the project's total budget.

If a project is accepted for award, the applicant will receive funds on a reimbursement basis only. Payments are paid in two stages:

- 1) An initial payment equal to no more than 70% of the grant award is paid once a grant contract has been completed and the recipient submits valid claim vouchers;
- 2) A final payment equal to at least 30% of the grant amount is made on successful completion of two site visits, spaced at least six months apart, by ERO representatives.

AWARD CRITERIA

Applications will be evaluated and scored based on the following criteria:

1. Project soundness. Applicants should demonstrate that the proposed project is appropriate and technically feasible. The applicant should demonstrate the ability to acquire the appropriate alternative fuel for the vehicles envisioned in the project. The applicant should also provide reliable estimates of the service life and annual mileage of vehicles to be bought or converted to alternative fuel. Because the State of Indiana must make payments in arrears, applicants should demonstrate their ability to make full payment of project costs before reimbursement by the state. Applicants may also be required to submit written estimates of costs from service or equipment providers and/or documentation of comparable technology applications.
2. Petroleum fuel savings. Applicants should demonstrate that the proposed project will result in a significant decrease in the consumption of gasoline or diesel fuel. Applications should include projections of service life and annual miles for each vehicle, along with fuel mileage, to calculate overall petroleum fuel savings.
3. Environmental effect. Applicants should describe how their use of alternative fuel vehicles will produce environmental benefits. Greater credit in this category will go to projects involving dedicated fuel vehicles, vehicles with zero or very low tailpipe emissions, and those projects that represent the greatest emission reductions compared to conventional vehicle use.
4. Economic development. Applicants should describe how the project will facilitate economic development in Indiana. This may be demonstrated, for example, by the creation of new jobs, increased productivity, cost-of-business savings to the applicant, or support of Indiana business and industry. Consideration is given to the level of commitment to and the effect on alternative energy use in Indiana.

In addition to the information required of all applicants, ERO may request additional information to aid its evaluation of applications.

Successful grant recipients will be required to complete reports describing progress toward contracted goals.

CONFIDENTIAL INFORMATION

To the extent feasible and permissible by law, ERO will honor an applicant's request that confidential information submitted to ERO remain confidential. ERO will treat information as confidential only if (i) the information is, in fact, protected confidential information, such as trade secrets or privileged or confidential commercial or financial information, (ii) the information is specifically marked or identified as confidential by the applicant, (iii) the information is segregated and placed in a separate appendix to the application, and (iv) no disclosure of the information is required by law or judicial order. If the application results in a grant award, the honoring of confidentiality of identified information shall not limit the right of ERO to disclose non-confidential details and results of the project to the general public.